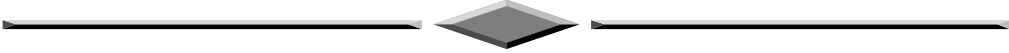


PRERETIREMENT COUNSELING GUIDE



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**Prepared by:
Army Retirement Services
Deputy Chief of Staff
for Personnel
Alexandria, VA 22332-0470**

PRERETIREMENT COUNSELING GUIDE

SECTION A - INTRODUCTION

1-1 GENERAL - Retirement can be a time of pleasure or difficulty depending on your attitude and how well you prepare yourself. This guide is intended to help you understand some of the actions you can take to make your retirement more comfortable and enjoyable.

The following are some basic but very important considerations:

a. Start with a positive attitude. Don't view retirement as the end of a career or lifestyle but rather as a time of transition. It's an opportunity to move out of past responsibilities and relationships and into new ones. The way you approach this transition will influence how successful your retirement will be. It's natural to experience anxiety due to the uncertainties involved, but you should make that anxiety a positive quality and let it energize you as you plan for the future.

b. Prepare early. The more preparations you make, the easier the transition will be. It's too late to start developing a successful retirement plan the day before you retire. There are many publications and organizations available to assist you -- use them. Start with your installation Retirement Services Office (RSO) and your Army Career and Alumni Program (ACAP) Office. These offices will get you started in the right direction. Your Personnel Officer can assist you in contacting these offices if you have trouble locating them.

c. Understand the impact of your retirement on others. If you have a family, remember that they have played a large part in your Army career. Their "Active Army career" is also coming to an end and they will need some adjustment time too. Be sensitive to each other's needs. Discussing changes can ease potential problems in your relationship.

1-2 USE OF FACILITIES - You and your family members are authorized the use of facilities on military installations when adequate space is available. The capability to accommodate retired soldiers varies widely at each military installation. The Installation Commander determines whether retired personnel may use the facilities. Generally, retired personnel are accommodated providing their use of the facilities does not present any hardship on active duty soldiers who have first priority.

SECTION B - GENERAL ADMINISTRATION

2-1 PERSONAL/FAMILY INFORMATION - This period of transition provides an excellent opportunity to get some of your personal and family records in order. Original or certified copies of documents are required when you file for various benefits from the Department of Veterans Affairs, Social Security Administration and other Government agencies. You should make sure that your vital documents are in order and that your next of kin or the executor of your estate knows where the documents are stored. Some of the more essential documents are: a will; birth certificates for you, your spouse and/or children; marriage certificate; divorce decree; DD 214 (Certificate of Discharge); names of banks and credit unions and account numbers; adoption papers; insurance policies; and a list of assets and liabilities.

2-2 MILITARY RECORDS - Make copies of your medical and dental records before leaving active duty. These records will be turned in when you process out, and once they are forwarded to the records holding area, it is difficult to obtain copies. It is also advisable to retain any paper copies of military personnel records you have. These are extremely difficult to obtain once they have been forwarded to the personnel records center.

2-3 IDENTIFICATION CARDS - You and all eligible family members will be required to obtain new ID cards upon your retirement. Guidelines on eligibility and how and when to get new cards can be obtained from your personnel officer or your RSO.

2-4 WHEN CAN YOU RETIRE?

You can request retirement from your Military Personnel Office when your active service (including active duty for training (ADT), active duty special work (ADSW), temporary tour active duty (TTAD), full-time National Guard duty (FTNGD), and active Guard/Reserve (AGR)) totals 20 years (Section 3926, Title 10 U.S. Code). Officers may also use service as a contract surgeon or acting dental surgeon to qualify for retirement. During drawdown periods, you may be able to retire with less than 20 years of service under the Temporary Early Retirement Authority (TERA).

2-5 COMPUTING RETIRED PAY and COST-OF-LIVING ADJUSTMENTS (COLA)

a. **DOD Financial Management Regulation** - The DOD Financial Management Regulation, DOD 7000.14-R, Volume 7B, Military Pay Policies and Procedures - Retired Pay, September 1999 (referred to hereafter as DOD 7000.14-R), contains everything you've ever wanted to know about retired pay and more. You can access it at <http://www.dtic.mil/comptroller/fmr/>. Scroll down to Volume 7B.

b. **Which retired pay formula will you use?** - There are three retired pay formulas existing today. The "date you initially entered military service," also called the DIEMS date, determines the formula that will be used to compute your retired pay. The DIEMS date pertains to the earliest date of enlistment, induction, or appointment in a regular or reserve component of a uniformed service as a commissioned officer, warrant officer, or enlisted member. It may or may not be the same as your basic pay entry date, or BPED. Situations where the DIEMS date will differ from the BPED include:

Academy graduates - The DIEMS date is the date the soldier entered the academy.

ROTC - The DIEMS date is the date the soldier began a ROTC scholarship program or enlisted as a Reserve in the Senior ROTC program, whichever is earlier.

Break in service - The DIEMS date is the date the soldier initially became a member of a uniformed service, any branch or component, even if the soldier had a break in service and reentered at a later date.

Delayed entry program - The DIEMS date is the date the soldier signed up for the delayed entry program, not the date the soldier came on active duty.

Not all services have their DIEMS dates properly defined in their personnel records. If you have unusual circumstances and are unsure of when your DIEMS date is or believe your records show an incorrect DIEMS date, contact your personnel office to discuss your situation.

c. **Service creditable for percentage purposes** - All three retired pay formulas use "service creditable for percentage purposes." In addition to percentage credit for your active duty service, you may receive percentage credit for certain inactive Reserve time and, for officers, medical or dental school. Before receiving credit for the additional time, you must first qualify for retirement by completing 20 years of active duty. For a complete explanation of service creditable for percentage purposes, see para 0103 of DOD 7000.14-R.

d. **Service for basic pay purposes:** All three retired pay formulas give you a percentage of your *basic pay*. *NOTE: You do not receive a percentage of other compensations such as housing allowance, subsistence allowance, or federal tax advantages. This can make a significant difference in dollar amounts when computing*

your potential retired pay. Those with DIEMS dates before 8 Sep 80 receive a percentage of their *final basic pay*. Those with DIEMS dates on or after 8 Sep 80 receive a percentage of *the average of their highest 36 months of basic pay*, referred to as "high-3."

e. **The three retired pay formulas are:**

(1) DIEMS date before 8 Sep 80 (Final Basic Pay)

*Service creditable for percentage purposes X 2-1/2% (not to exceed 75%) X **final basic pay** = Retired pay*

a. These soldiers receive a percentage of their **final** basic pay; therefore, they should take care not to retire just before an increase in their basic pay such as those applied at the 20-, 22-, 24-, or 26-year points.

b. Soldiers who retire on the same day as a basic pay rate change (e.g., retire 1 January with last day of active duty on 31 December), may be eligible to have their retired pay calculated using the new basic pay. See para 0104 of DOD 7000-14.R for details.

c. **Cost-of-living-adjustment (COLA)** - If your DIEMS date is before 8 Sep 80, you will receive an annual COLA representing the difference between the Consumer Price Index (CPI) of the third quarter of one calendar year and the third quarter of the next. The COLA is normally effective 1 December and payable the first working day in January. The first COLA will be a partial one because you will not have been retired for the full COLA calculation period. Thereafter, you will receive the full COLA.

(2) DIEMS date after 7 Sep 80 but before 1 Aug 86 (High 3)

*Service creditable for percentage purposes X 2-1/2% (not to exceed 75%) X **highest 36 months of basic pay** = Retired pay*

a. The basic pay base is the average of the highest monthly basic pay rates you receive or are entitled to for a period of 36 months, whether or not consecutive.

b. If you serve on active duty for less than 36 months, the basic pay base is the amount of monthly basic pay you received during the period you were on active duty divided by the number of months, including any fraction, that you served on active duty.

c. For more specific information on calculating the average of the highest 36 months of basic pay, see para 0301 of DOD 7000.14-R.

d. **COLA** - If your DIEMS date is after 7 Sep 80 but before 1 Aug 86, you will receive an annual COLA representing the difference between the Consumer Price Index (CPI) of the third quarter of one calendar year and the third quarter of the next. The COLA is normally effective 1 December and payable the first working day in January. The first COLA will be a partial one because you will not have been retired for the full COLA calculation period. Thereafter, you will receive the full COLA.

(3) DIEMS date on or after 1 Aug 86 (High 3 or REDUX)

If you are in this group, you will be asked to choose one of two retired pay formulas - the High 3 formula discussed in (2) above, or the REDUX formula when you complete 15 years of active service.

a. **REDUX**: Under the REDUX option, you accept a \$30,000 career retention bonus and agree to serve 20 years. Retired pay will be calculated as follows: *Service creditable for percentage purposes X 2-1/2% (not to exceed 75%), minus 1% for each year under 30, X the average of your highest 36 months of basic pay.* At age 62, retired pay will be recomputed under the High 3 formula (see (2) above); however, the recomputation will NOT be retroactive. Under REDUX, the longer an individual stays on active duty, the closer the percentage multiplier is to what it would have been under High 3, up to the 30-year point where the percentage multipliers are equal.

COLA - Members with DIEMS dates on or after 1 Aug 86, who elect to have their retired pay calculated under the **REDUX** formula, receive reduced COLAs, equal to the Consumer Price Index (CPI) minus 1%, until they turn 62. At 62, they receive a one-time catch-up COLA. Then they revert to the CPI minus 1% COLA.

OR

b. **High 3**: See details in (2) above.

COLA - If your DIEMS date is on or after 1 Aug 86 and you elect to have your retired pay calculated under the High 3 formula, you receive an annual COLA representing the difference between the Consumer Price Index (CPI) of the third quarter of one calendar year and the third quarter of the next. The COLA is normally effective 1 December and payable the first working day in January. The first COLA will be a partial one because you will not have been retired for the full COLA calculation period. Thereafter, you will receive the full COLA.

For more information on the three retired pay formulas, go to: <http://pay2000.dtic.mil> or see DOD 7000.14-R.

2-5. DISABILITY RETIREMENT - Soldiers retiring for disability will have retired pay calculated on the applicable length of service formula listed above **OR** the percentage of disability formula. NOTE: Soldiers will not receive less than 50% of their basic pay while on the Temporary Disability Retired List (TDRL); the percentage can be decreased when the soldier is placed on the Permanent Disability Retired List (PDRL). To calculate disability retired pay using the percentage of disability formula, multiply the percentage of disability times the basic pay (final or highest 36 months, depending on the soldier's DIEMS date).

For example, a soldier with 20 years of service retiring with a 30% permanent disability would have pay computed on years of service ($2\frac{1}{2}\% \times 20 \text{ years} = 50\% \times \text{final basic pay} = \text{retired pay}$) and on percentage of disability ($30\% \times \text{final basic pay} = \text{retired pay}$). In this example, the soldier's retired pay would be greater using the years of service formula, because it provides 50%, vice 30%, of basic pay.

Disability retired pay may or may not be taxed, depending on the soldier's status on 24 Sep 75. A soldier who was a member of a uniformed service, or under a binding written agreement to become a member, on 24 Sep 75 will not have disability retired pay taxed. A soldier who was not a member of a uniformed service, or under a binding written agreement to become a member, on 24 Sep 75, will have disability retired pay taxed unless all of it is based on percentage of disability and the disability is the direct result of one of the following: armed conflict, extra-hazardous service, simulated war, or an instrumentality of war. (Military vehicles, weapons, and other such items could be termed instruments of war whether being used in armed conflict or simulated war at the time.) For a soldier who was a member of a uniformed service, or under a binding written agreement to become a member, on 24 Sep 75, the portion of retired pay that is based on disability is tax free. In the example above, the portion of retired pay based on disability ($30\% \times \text{final basic pay}$) would be tax free, although the length of service retired pay formula ($50\% \times \text{basic pay}$) would determine the total retired pay entitlement.

2-6. RETIRED PAY CALCULATION PROGRAM ON-LINE - Soldiers with E-mail addresses ending in ".mil" may use the on-line retired pay calculator developed by DFAS. Go to <http://dfas4DOD.dfas.mil>. Click on "Center sites," "Cleveland," "Finance/Accounting," "Systems," and "PERCS."

2-7. OTHER RETIRED PAY INFORMATION - Army retired pay is processed by the Defense Finance and Accounting Service - Cleveland Center (DFAS-CL), Directorate for Retired Pay Operations, (Code RO), P.O. Box 99191, Cleveland, OH 44199-1126, toll-free, 1-800-321-1080

(0800-1800 Eastern Time). DFAS is available on the Internet at <http://www.dfas.mil>.

Some basic facts:

a. **Payday.** You are paid *monthly* on the first working day of the month, not necessarily the first of the month.

b. **Retiree Account Statement (RAS).** You will receive a Retiree Account Statement (RAS) (similar to your Leave and Earnings Statement) with your first retired pay. Thereafter, you will *receive a statement only if your pay amount changes.*

c. **Electronic Funds Transfer (EFT).** The use of Direct Deposit/EFT of retired pay is strongly encouraged. With EFT, your retired pay is sent directly to your financial institution. EFT is timely and more cost efficient for the government and more convenient for the payee.

d. **Taxes.** Federal taxes (and state taxes, if applicable and requested by you) will be deducted from retired pay. Your retired pay is not subject to Social Security/FICA taxes because it is "deferred income" rather than "earned income."

e. **Allotments.** Allotments from active duty pay, except for the Combined Federal Campaign (CFC), Servicemen's Group Life Insurance (SGLI), and Veterans Educational Assistance Program (VEAP) will continue into retirement unless stopped by the soldier. Retired soldiers may have up to six "discretionary" allotments and up to nine "non-discretionary" allotments, not to exceed 15 total. Discretionary allotments include payment of insurance premiums for health, auto, or life insurance; voluntary payments to a dependent, former spouse, or relatives; deposits into a financial institution, mutual fund, or investment firm; payment of an auto or personal loan, mortgage, rent and consumer debts. Non-discretionary allotments include U.S. Government Savings Bonds, payment of delinquent taxes, contributions or repayment of loans to Army Emergency Relief (AER), and court-ordered garnishments. Allotments may be changed as frequently as desired after retirement, as long as the number of discretionary allotments does not exceed six.

e. **Electronic pay changes.** DFAS has begun offering a new service called Employee/Member Self Service (E/MSS). Using this service, you can make pay changes via your personal computer or by touch-tone phone via an Interactive Voice Response System (IVRS). E/MSS will allow you to change your federal withholding status and exemptions; start, stop or change allotments; change your correspondence address; and update your financial institution electronic fund transfer information. Future phases of E/MSS will

allow you to start or stop savings bonds and change state taxes. Further details about E/MSS are available at <http://www@dfas.mil>.

2-8 TRANSITION LEAVE - The decision to take transition leave versus retiring early and cashing in leave is often confusing. As a general rule, it is better to cash in the first 60 days of leave rather than use it as transition leave.

Since 10 February 1976, you can't sell back more than 60 days' leave per career. You may combine your options; that is, cash in some days, take leave with others. Leave days that were accrued after 31 August 1976 may be cashed in for basic pay only. Leave days accrued before 31 August 1976 may be cashed in for basic pay; basic allowance for housing II (BAH II - formerly called BAQ) (vice Basic allowance for housing (BAH)); and Basic allowance for subsistence (BAS). Your July and December Earnings and Leave Statements will indicate the number of pre-31 August 1976 leave days you have left, if any. For current basic pay, BAH, BAH II, and BAS rates, see the following web sites:

Basic pay - <http://www.dfas.mil/money/milpay>
BAH - <http://www.dtic.mil/perdiem/bahform.html>
BAH II - <http://www.dtic.mil/perdiem/>
BAS - <http://www.dfas.mil/money/milpay/bas.htm>

The following example illustrates why it is financially advantageous to sell back the first 60 days of leave.

2000 EXAMPLE

E-8 stationed in the District of Columbia, 24 years service, married with children, retiring 1 October 2000, 60 days post-31 August 1976 accrued leave

<u>STAYS ON ACTIVE DUTY THRU 30 SEP</u> <u>& SELLS BACK 60 DAYS' LEAVE</u>			<u>LEAVES ACTIVE DUTY 1 AUG</u> <u>AND TAKES 60 DAYS' LEAVE</u>		
	Aug	Sep		Aug	Sep
Base pay	3,295.50	3,295.50	Base pay	3,295.50	3,295.50
BAS	256.20	256.20	BAS	256.20	256.20
BAH	1,264.00	1,264.00	BAH	1,264.00	1,264.00
60 days'lv	6,591.00		Leave	0.00	0.00
	\$11,406.70	\$4,815.70		\$4,815.70	\$4,815.70
TOTAL - \$16,222.40			TOTAL - \$9,631.40		

The soldier who remains on active duty through 30 September and sells back 60 days leave is \$6,591.00 ahead, in spite of not having any pre-31 August 1976 accrued leave days. If any of those leave days had been accrued before 31 August 1976, the soldier would have been paid BAS and BAH II (formerly BAQ) for them as well.

Soldiers with 30 or more years' service, with leave to cash in, may be better off retiring several months early and cashing in their leave rather than taking it as transition leave. The following example illustrates this principle.

2000 EXAMPLE

COL stationed in District of Columbia, married with dependents; retiring 1 October 2000, over 30 years service; 60 days' leave; 30 of them Pre-Aug 76 (Base pay, BAH II (formerly BAQ), and BAS); 30 of them post-Aug 76 (Base pay only)

RETIRE 1 OCTOBER 2000			RETIRE 1 AUGUST 2000		
TAKE 60 DAYS TRANSITION LEAVE			CASH IN 60 DAYS LEAVE		
	Aug On leave	Sep On leave		Aug Retired	Sep Retired
Base Pay	7,049.10	7,049.10	Base Pay(60)	14,098.20	
BAH w/depns	1,669.00	1,669.00	BAH II (30)	973.50 (99 rate)	
BAS	158.83	158.83	BAS (30)	158.83	
Ret Pay	0.00	0.00	Ret pay	5,286.00	5,286.00
	<u>\$8,876.93</u>	<u>\$8,876.93</u>		<u>\$20,516.53</u>	<u>\$5,286.00</u>
TOTAL - \$17,753.86			TOTAL - \$25,802.53		

This soldier will receive \$8,048.67 more by retiring on 1 August rather than 1 October. Even if 30 of the leave days had not been accrued before 1976, this soldier would still receive \$6,916.34 more by retiring 1 August rather than 1 October.

Each full month of service, up to 30 years, is creditable for retired pay percentage purposes. Therefore, soldiers with less than 30 years of service should carefully weigh any short-term financial gain from early retirement against the resulting lifetime loss of retired pay.

As mentioned earlier, soldiers who fall under the final basic pay retired pay formula should take care not to retire just before a major basic pay increase such as that given upon attaining over

20 years, 22 years, 24 years, or 26 years. For example, a LTC with 21 years and 10 months on 1 April should wait until 1 June to retire so the retired pay base will be for a LTC with over-22 years versus over-20 years. Your personal circumstances will dictate which option you choose. Your RSO can help you determine which option is best for you.

2-9 RETIREMENT CEREMONY - You will be given the opportunity to participate in a retirement ceremony. You will also receive a retirement certificate, retiree lapel pin, and United States flag. Your spouse, if applicable, will receive a certificate of appreciation. These items are normally presented to you during a retirement ceremony. However, if you choose not to participate, your Transition Center will make other arrangements to get them to you.

2-10 EMPLOYMENT - There are several employment restrictions which apply to soldiers after retirement. These restrictions are covered in DOD Directive 5500.7, Standards of Conduct and at mandatory Preretirement Briefings. You are urged to attend a Preretirement Briefing before you accept post-retirement employment. Specific questions should be directed to any Designated Agency Ethics Official (DAEO). DAEO's are usually located in legal assistance offices.

2-11 MOBILIZATION/RETIREE RECALL - The Army Reserve Personnel Center (AR-PERSCOM) administers a program to recall retired soldiers in case of full or partial mobilization. Officers and enlisted personnel under 60 years old and in good health are subject to recall in case of war or national emergency as declared by the President. Warrant officers may be recalled up to age 62. General officers are called on a case-by-case basis. AR-PERSCOM identifies retired soldiers on their Total Army Personnel Data Base - Reserve (TAPDB-R). Every effort is made to assign the retired soldier to a base within 300 miles of his or her home. Recall orders will be issued only at the time of a mobilization. AR-PERSCOM will make periodic contact with retired soldiers to keep their files up to date.

2-12 ARMY ECHOES - *Army Echoes* is the official bulletin for the Army retiree. It is designed to keep retirees and family members up to date on changes in military benefits, entitlements and other matters of interest to the military community. The Army Retirement Services Office, Deputy Chief of Staff for Personnel, publishes *Echoes* three times a year. It is sent to active duty and reserve component soldiers with 19 or more years' active service (home addresses for officers, unit addresses for enlisted soldiers) and to retired soldiers and annuitant surviving spouses. After your retirement, *Echoes* is mailed to the correspondence address you have filed with the Defense Finance and Accounting Service -Cleveland

Center (DFAS-CL). Therefore, you are encouraged to keep your correspondence address current with them (many retirees forget to change their home address because their pay goes to a financial institution). You are encouraged to keep a file of *Army Echoes* to provide a ready source of reliable information for future reference.

SECTION C - MEDICAL INFORMATION

3-1 RETIREMENT PHYSICAL - A retirement physical is highly encouraged and should be taken no more than four (4) months and no less than one (1) month before retirement or the start of transition leave. Contact your local military treatment facility for details and appointments.

Attention Persian Gulf veterans - If you are a Gulf War veteran, you are eligible for medical evaluation either through DOD's Comprehensive Clinical Evaluation Program (CCEP) or the Department of Veterans Affairs (VA) Persian Gulf Registry. The eligibility period for care and compensation for Gulf War veterans with undiagnosed illnesses has been extended to 31 December 2001.

a. **DOD's CCEP:** DOD established the CCEP to provide in-depth evaluations of Gulf War veterans who are currently in one of the active or Reserve components, or are retired. Personnel who want medical examinations are encouraged to contact the program at 800-796-9699 or DSN: 878-3261 to set up an appointment. For those overseas that do not have DSN access, the direct line for CCEP is (408) 583-2500. Hours are Monday-Friday, 0600-1600 Pacific Time.

b. **VA Persian Gulf Registry:** The VA offers a free, complete physical examination with basic laboratory studies to every veteran who served in the Gulf War who is no longer in military service. A centralized registry of participants who have had these examinations is maintained to keep them informed through periodic newsletters. Family members of Gulf War veterans are also eligible to receive a Registry medical examination. Call 800-PGW-VETS (800-749-8387) with questions about care and benefits, and to schedule examinations. For those overseas, call the nearest U.S. Embassy and ask for the Foreign Benefits Unit. Information is also available via the World Wide Web at: <http://www.va.gov/> or <http://www.gulflink.osd.mil>. E-mail communication is also available from brostker@gwillness.osd.mil, enabling quick responses to inquiries from veterans and the public, including requests for the bi-monthly newsletter, *GulfNEWS*.

3-2 RETIREE MEDICAL TREATMENT -

a. **TRICARE background** - Since the end of the Cold War, the U.S. military has dealt with new challenges to its organization and mission. Fewer men and women are on active duty. Along with fewer combat forces, there have been reductions in support forces, including physicians and other medical professionals. In fact, the number of doctors, nurses, and medical technicians in military service has declined as much as 50 percent in some locations.

As a result of Base Realignment and Closure (BRAC) recommendations and other downsizing efforts, 35 percent of the military hospitals that existed in the U.S. in 1987 have closed. Yet, the total number of people seeking health care through the Military Health Services System (MHSS) has decreased far less -- by only 9 percent.

Another shift in support requirements has occurred over the last few decades. In the early 1950s, military retirees and their families comprised only 8 percent of those eligible for care in the military health care system. Today, retired soldiers -- who often require more medical care than their active duty counterparts -- make up more than 50 percent of those eligible for care.

But as hospitals were closed, health care for many retirees became less accessible, with appointments at military hospitals and clinics more and more difficult to obtain. Simply stated, the demand for health care began to exceed the system's capacity to deliver it.

Two more factors led to changes in the MHSS -- the rising cost of health care and the continuing requirement to maintain a trained and ready medical corps to support our troops, in peace or combat.

Costs for medical care are rising in both the civilian and military communities due to many complex factors such as improved technology, increased utilization, and aging of the population.

While providing health care during peacetime is an important mission, the number one priority of the MHSS is to support emergency operations. A new approach was needed to meet peacetime demands for health care while preserving the capability within the active duty medical corps to deploy and support military men and women on operational missions.

In response to the challenge of maintaining medical combat readiness while providing the best health care for all eligible personnel, DOD introduced TRICARE. TRICARE is a regionally managed health care program for active duty and retired members of the uniformed services, their families, and survivors. TRICARE brings together the health care resources of the Army, Navy, and Air Force and supplements them with networks of civilian health care professionals to provide better access and high quality service while maintaining the capability to support military operations.

b. **TRICARE for retired soldiers and their families** - A senior military health care officer, called a Lead Agent, manages TRICARE

in each of 12 geographical regions in the U.S. Although TRICARE is fully operational in CONUS, it may be some time before TRICARE is available to retired soldiers and their families in Europe and the Pacific. Until TRICARE is implemented in a particular area, retired soldiers and their families will continue to receive treatment through a combination of the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) and space-available treatment in Military Treatment Facilities (MTFs). See the "TRICARE Standard" Section below for more details.

c. **How TRICARE works** - Under TRICARE, retired soldiers and their family members who are under age 65 will choose one of three TRICARE options. Retired soldiers and family members 65 and over are not eligible for TRICARE at this time; however, they are eligible for space-available treatment in MTF's.

(1) **TRICARE Standard (CHAMPUS)** - Beneficiaries are automatically covered under TRICARE Standard unless they choose to enroll in TRICARE Prime. Under this option, you and your family are authorized medical care at any MTF on a space-available basis. Availability of care varies based on location, facilities and medical staffing. When the services you require cannot be obtained through the local MTF, it may become necessary to seek care from a civilian provider and have these services cost shared by TRICARE Standard. TRICARE Standard is simply CHAMPUS (Civilian Health and Medical Program of the Uniformed Services) by another name. This option provides beneficiaries with the greatest freedom of choice of health care providers, but at the greatest potential cost. Outpatient deductibles are \$150 per person, \$300 per family per year. Cost share is 25 percent of allowable charges, plus charges assessed by the doctor over and above the allowable. For inpatient care, beneficiaries are liable for a set amount per day or 25 percent of billed charges, whichever is less, plus 25 percent of allowed physician charges. The annual cap on out-of-pocket deductibles and allowable cost shares is \$7,500. TRICARE Standard does not cover all health care. There are also special rules and limits on certain care. It is most important to get to know your Health Benefits Advisor (HBA) whose job it is to help you get the medical care you need, at the best price and in the most convenient manner.

TRICARE Standard/CHAMPUS SUPPLEMENT - Because TRICARE Standard does not pay the total cost of medical care, a TRICARE Standard/CHAMPUS Supplement may be advisable if you do not have other health insurance through a spouse or employer (TRICARE Standard is second pay to other insurance, and will pick up the costs the other insurance does not cover, up to the amount it would have paid had no other insurance been available). Supplemental insurance covers that part of the allowable medical costs that TRICARE Standard does not cover. Supplemental insurance premiums

vary depending on the type of coverage chosen. Many of the military service retiree organizations and associations offer supplemental insurance. We recommend you obtain information from them and select the plan that best meets your needs. The HBA at the nearest MTF (any service) can furnish you a listing of organizations that offer supplemental insurance.

(2) **TRICARE Extra** - Beneficiaries in TRICARE Standard can use a special network of providers for a co-payment of five percent less than under TRICARE Standard (20% of allowable charges versus 25% under TRICARE Standard). This option is called TRICARE Extra. When obtaining care from a provider in the TRICARE Extra network, the beneficiary is not liable for charges above the allowable, because network providers charge only the allowable amount. The annual deductibles required under TRICARE Standard must be met before cost sharing begins. Beneficiaries may choose to use a network provider on a case-by-case basis.

(3) **TRICARE Prime** - TRICARE Prime is an option similar to a Health Maintenance Organization (HMO). Eligible beneficiaries (those under 65 and residing in an area where TRICARE Prime is offered) can choose to enroll in Prime and pay an annual fee of \$230 per person, \$460 per family. In exchange for their enrollment in Prime, CHAMPUS deductibles are eliminated. Those who enroll in Prime select a personal primary care manager (PCM) for themselves and each family member. The majority of enrollees will have their PCM in a MTF. Whenever possible, treatment is provided in the MTF. In fact, Prime enrollees have top priority in MTFs. When care is not available in an MTF, the PCM refers the patient to a network of civilian care providers. In addition to the annual enrollment fee, members receiving care from the civilian provider network pay a small co-payment each time they visit a provider. The cap on out-of-pocket expenses is \$3,000 for those enrolled in Prime (versus \$7,500 for those who aren't). The new cost sharing provisions do away with the usual standard CHAMPUS cost sharing of 25% of allowable charges. If members desire care from providers outside the Prime network, there is a deductible of \$300 per person, \$600 per family as well as a 50% cost share.

3-3 RETIREE DENTAL PLAN - The DDP Delta Division of Delta Dental Plan of California offers a dental program for uniformed services retirees, certain unremarried surviving spouses, and their eligible family members throughout the U.S., Puerto Rico, Canada, the U.S. Virgin Islands, Guam, American Samoa, and the Northern Mariana Islands. Enrollment in TRICARE Prime is NOT a requirement to join this voluntary dental plan, called the TRICARE Retiree Dental Program (TRDP); therefore, retired soldiers over 65 MAY join.

Initial enrollment is for a minimum of 24 months. Enrollees must submit four months' worth of premiums with their initial enrollment application. After the first 24-month period, enrollees

may choose to stay enrolled on a month-to-month basis. Monthly premiums vary by geographic location and for year 2000 range from \$8-\$15 for a single person, \$18-\$29 for two people, and \$30-\$48 for a family. Premiums can be collected by allotment from retired pay.

After an annual deductible of \$50, which applies to every covered person, TRDP will pay up to \$1,000 of allowable charges per enrollee per year. Diagnostic and some preventive procedures are not subject to the annual deductible and maximum. Covered services include:

Diagnostic, preventive, and emergency - 100%

Restorative - 80%

Endodontic, periodontic, oral surgery, drugs, and post-surgical-60%

Enrollees may seek treatment from any dentists licensed in the state in which they practice.

For more information or to obtain an enrollment form, contact Delta Dental at 1-888-838-8737 or reach them on the Worldwide Web at www.ddpdelta.org.

SECTION D - DEPARTMENT OF VETERANS AFFAIRS (VA) BENEFITS

4-1 GENERAL - The VA will send you information on benefit programs available to you soon after you retire. You can and should check with a local VA representative when you have questions on your entitlements. The VA has certain eligibility criteria based on your period of military service, type of discharge, and percentage of disability, if applicable. The following information highlights some basic VA entitlements, but it is recommended that you obtain individual counseling specific to your situation. Individual counseling is available at any local VA office. Contact them for an appointment. To reach the nearest VA regional office, call, toll-free 1-800-827-1000. The VA can be reached on the Internet at <http://www.va.gov>.

4-2 VA DISABILITY COMPENSATION - Retiring personnel should apply to the VA for a disability rating. This rating provides the retiree a priority for treatment in the VA medical system; establishes a record for future medical evaluations, should your medical condition deteriorate; and could mean you receive a tax-free amount of money to "compensate" you for medical problems experienced while on active duty. The VA will assign you a disability rating based on your degree of disability. This can range from 0% through 100% and is always based on increments of 10% (e.g., 10% disability; 20% disability, etc.). Law sets VA disability percentage amounts. A 10% VA disability rating does NOT mean that you will receive 10% of your retired pay as many soldiers mistakenly believe. Current rates can be obtained from your Retirement Services Officer or local VA Office. VA compensation

will reduce, dollar for dollar, the amount of retired pay you receive; however, the VA compensation is tax free.

Review your medical records thoroughly and record all the medical problems you experienced during active duty. These problems will form the basis for your medical review by the VA. Depending on your duty station at the time of retirement, you will be given a physical either by VA officials, DOD officials, or a combination of both.

If you are a Gulf War veteran, consider obtaining an exam under the DOD Comprehensive Clinical Evaluation Program (CCEP) or the Department of Veterans Affairs (VA) Persian Gulf Registry discussed earlier in this guide.

Vietnam veterans should be aware that there are many illnesses which VA presumes were caused by service in Vietnam between 9 Jan 62 and 7 May 75. If you know of a veteran or surviving spouse or child of a veteran with one of the following illnesses, and the veteran served in Vietnam anytime between 9 Jan 62 and 7 May 75, have them contact the VA immediately to inquire about service-connected disability compensation.

Respiratory cancers (lung, larynx, and trachea) (must have developed within 30 years of exposure)

Hodgkin's disease

Multiple myeloma (bone marrow cancer)

Non-Hodgkin's lymphoma

Soft tissue sarcoma

Cloracne (must have appeared within one year of exposure)

Porphyria cutanea tarda (liver condition)

Prostate cancer

Peripheral neuropathy (neurological disorder)

Spina bifida (in children of veteran)

Forms to file your application for VA disability compensation can be obtained from your RSO. This procedure takes some time and effort on your part, but is extremely important. It establishes your record with the VA, which can help your family or survivors should they apply for VA benefits based on your service.

4-3 VA HOME LOANS - VA guaranteed home loans are available to qualified veterans and surviving spouses to purchase, improve, or refinance a house or condominium, and to purchase or refinance a manufactured home. Those eligible must make their own arrangements for loans through the usual lending channels, such as banks, savings and loan associations, building and loan associations, and mortgage loan companies. VA will guarantee up to a certain amount of that loan. Veterans may now negotiate interest rates on VA-guaranteed home loans with lenders. For more information, contact VA.

4-4 EDUCATIONAL ASSISTANCE - The VA administers a wide variety of programs for retired soldiers seeking assistance for education and training. These programs include vocational rehabilitation and special training programs for disabled veterans. Retiring soldiers who were covered under the GI Bill that ended on 31 December 1989 may still be eligible for education benefits under special rules. Contact your local VA Office for specific details.

4-5 SGLI/VGLI - Soldiers on active duty and most reserve soldiers are covered by Servicemen's Group Life Insurance (SGLI). SGLI is group insurance. The program is supervised by the Department of Veterans Affairs. Premium costs, while on active duty, are extremely low. After you retire, you receive 120 days of free SGLI coverage, followed by the opportunity to convert SGLI to Veterans Group Life Insurance (VGLI) in an amount equal to or less than the SGLI coverage you had when you left active duty. Soldiers who are totally disabled for insurance purposes may keep SGLI free for one year after retirement; however, application for the free coverage must be submitted within the first 120 days after retirement. VGLI costs more than SGLI, but VGLI may be renewed every five years for life. The VGLI premium increases every five years at renewal time, based on your nearest age at the time of renewal. However, coverage under VGLI is guaranteed regardless of your current health situation. This is an important feature, especially for those soldiers who are uninsurable because of disabilities or other health-related problems. VGLI may be canceled at any time, or converted to a commercial insurance policy (for anything other than term insurance) without proof of insurability. Upon request, the VA will furnish a listing of insurance companies that will convert VGLI.

4-6 VA MEDICAL CARE - Providing there is adequate funding, the VA will provide no cost hospital and outpatient care as well as pharmacy benefits to former soldiers who receive VA disability compensation, are former POWs, have an illness possibly resulting from exposure to Agent Orange or environmental hazards in the Persian Gulf, or have low incomes under VA criteria. All others may receive treatment to the extent resources and facilities are available, but co-payments will be required. Family members are not entitled to VA health care unless they are veterans.

Soldiers retiring today should enroll in the VA health care system as soon after retirement as possible, *although enrollment can be done at any time in the future*. Early enrollment will help the VA for planning purposes. Once enrolled, a veteran is placed in one of seven priority groups. The VA will provide care to as many groups as possible depending on the availability of medical funding. VA automatically renews enrollment annually unless funds are not available to treat a particular priority group, in which case VA will notify that group of their inability to provide treatment for the following year.

There is no special category for treating retired soldiers; they are treated as veterans. Medical care is based on the abilities of the VA facilities in your local area. Eligibility for care is based on your status as determined by VA eligibility criteria. Your local VA office can provide more specific information and help determine your entitlements under the VA medical system.

4-7 VA DENTAL CARE - Within 90 days of your retirement, the VA will treat, on a space-available basis, dental conditions documented at the time of your retirement. However, if you received complete dental treatment from the military in the 90 days preceding your retirement, you will not be able to use the VA dental benefit. Your DD Form 214, Record of Release from Active Duty, will note whether or not you are eligible to obtain the space-available dental treatment from VA. Once VA provides the space-available dental treatment, dental treatment is not available through the VA except under certain conditions. Obtain more details at a Preretirement Briefing or from the VA.

SECTION E - SOCIAL SECURITY

5 GENERAL - Soldiers with 10 or more years of active duty are fully insured for Social Security purposes. Contrary to popular belief, Social Security benefits are not reduced because of entitlement to retired pay or vice versa. You will be able to receive a Social Security retirement benefit as early as age 62 if your earned income at that time does not exceed the Social Security earnings limit. Full benefits may be drawn at age 65 or later, depending on your year of birth. Spouses, surviving spouses, and minor children are also eligible to receive benefits on your Social Security work record. To obtain an estimate of your Social Security earnings, contact Social Security at 1-800-772-1213 and ask for Form 7004, Request for Earnings and Benefit Estimate Statement. Benefit estimates are available through the Internet on Social Security's website at <http://www.ssa.gov>. If your spouse will draw a local, state, or federal retirement annuity from work not covered by Social Security, please read about the Windfall Elimination and Government Pension Offset provisions. Once in the Social Security Homepage, type "windfall elimination" or "government pension offset" in the search window.

SECTION F - SURVIVOR BENEFITS

6-1 GENERAL - You have probably already heard about the Survivor Benefit Plan (SBP). You may have gotten your information from a variety of sources: retired soldiers; friends; insurance agents, and other well-intentioned individuals. Unfortunately, not all of your "advisors" on this subject will have provided correct

information. Regardless of what you have heard about SBP, you are encouraged to keep an open mind and obtain all the facts from the best informed advisor available to you - your Retirement Services Officer (RSO). That individual has current data on SBP and can accurately outline the benefits and costs to you. This is not a subject to be taken lightly. It is a serious matter and needs your serious attention. The decision you and your spouse make will impact greatly upon your family's financial future and is likely the most important decision you make in conjunction with your retirement.

6-2 SURVIVOR BENEFIT PLAN (SBP) - SBP was established by Public Law 92-425 on 21 September 1972. It was designed to provide a monthly annuity to eligible survivors after a retired soldier's death. RETIRED PAY STOPS WITH THE DEATH OF THE RETIRED SOLDIER. If the retired soldier has not elected SBP coverage, no benefits are payable to the surviving family members. In short, SBP provides income protection for survivors of retirees. Only SBP will entitle survivors to continue receiving a portion of the retired soldier's pay upon the retired soldier's death. If you and your spouse will depend wholly or in part upon your retired pay to live, it is very probable your surviving spouse will need to receive a portion of that retired pay after you die. Only SBP can provide that income protection to your survivors.

The basic premise of the SBP is to provide survivor benefits when Social Security is not yet payable and to supplement Social Security when it is payable. SBP is a cost-sharing program between the government and the retired soldier, with the government subsidizing the cost. Prior to age 62, survivors with the SBP receive 55% of the retired soldier's covered amount of retired pay. After age 62, the 55% annuity is paid through a combination of the SBP (35%) and military-earned Social Security (at least 20%). As a result of this SBP/Social Security integration at age 62, in most cases the total income will remain the same or increase.

Please note, and it is worth repeating, SBP is INCOME PROTECTION. It is not life insurance; it is not a savings plan; it is not an investment program; and it is not available through a commercial or private company. It does not replace life insurance but could be supplemented by life insurance. Each individual's financial situation is different. It is impossible to address in a document like this all the possibilities and variables each soldier can have. However, your RSO can address all your individual questions. Take a few minutes, schedule an appointment with the RSO, give them an opportunity to explain the program, and make a decision that best meets you and your family's needs.

Consider in your decision that numerous independent studies on SBP, conducted by government agencies, private industry actuaries,

and even commercial insurance companies have concluded that "For most military retirees the SBP is the most financially advantageous option". Unlike a private company, the government cannot go out of business or file for bankruptcy and leave you with nothing. Remember that SBP is government-subsidized and inflation-protected. SBP costs are not based on your age, your state of health, or on economic forecasts. SBP costs do not include costs to advertise, to make a profit, to pay a salesperson's commission, to pay stock dividends or rates of interest, to build new company buildings or to support an investment portfolio. SBP is cost-of-living-adjusted to keep pace with inflation; it will provide you a tax shelter, since costs are deducted from retired pay before income taxes are calculated; SBP is guaranteed by the United States Government; and SBP is payable for the lifetime of the surviving spouse. Recent legislation has made SBP even more attractive by allowing you to stop paying premiums at age 70 if you have paid them for a category of beneficiary for at least 30 years. Additionally, you now have a one-year window, between your second and third anniversary of commencement of retired pay, to terminate SBP coverage, with your spouse's consent.

The bottom line is "GET SOMETHING TO PROVIDE SUPPORT FOR YOUR LOVED ONES WHEN YOU'RE GONE." We strongly recommend you make the Survivor Benefit Plan the foundation of your family's financial support package.

SECTION G - ADDITIONAL RETIREMENT INFORMATION

The following trifold brochures can be obtained from your RSO and contain additional information that may be helpful with your retirement planning.

Retirement Services Offices
Military Retired Pay
Getting Ready to Retire
Health Care
The Survivor Benefit Plan
The "Negatives" of SBP: Are They Really?
The Survivor Benefit Plan (SBP) and Social Security
The Uniformed Services Former Spouses' Protection Act (USFSPA)
Retiree Casualty Assistance Checklist

SECTION H - RETIREMENT OUTPROCESSING CHECKLIST

Following is a timetable for accomplishing some of your retirement outprocessing actions. Your Retirement Services Officer or your Personnel Officer will provide a more detailed checklist that addresses specific installation requirements. **GOOD LUCK!**

RETIREMENT OUTPROCESSING CHECKLIST

DAPE-RSO

1 June 2000

ACTION

TIMEFRAME

- | | |
|--|-----------------------|
| a. Contact your installation Retirement Services Officer (RSO) to arrange retirement and Survivor Benefit Plan (SBP) briefing. | ASAP after decision |
| b. Contact Army Career & Alumni Program (ACAP) Office for job transition/resume help. | ASAP after decision |
| c. Initiate retirement physical prior to transition leave | 4 months prior to ret |
| d. Medical/dental care for retirees is limited - consider purchasing TRICARE supplement | 3 months prior |
| e. Arrange appointment with SJA for will | 3 months prior |
| f. Contact transportation for HHG shipment (must have orders) | 2 months prior |
| g. Complete DD Form 2656, Data for Payment of Retired Personnel (and SBP election) | 2 months prior |
| h. Complete VA Form 21-526, Application for Compensation from Department of Veterans Affairs | 2 months prior |
| i. Obtain SF 1199A for electronic transfer retired pay to financial institution (only if changing financial institution) | 1 month prior |
| j. Initiate action for retired ID cards | 1 week prior |
| k. Convert SGLI to VGLI (VA sends appl) | Within 120 days after |
| l. Join military associations and remain active in support of Army issues | ASAP |

Prepared by Army Retirement Services, Deputy Chief of Staff for Personnel, Alexandria, VA 22332-0470. Internet address: www.odcsper.army.mil/retire.asp.

